

HOUSE BILL REPORT

HB 2165

As Amended by the Senate

Title: An act relating to interest on retroactive compensation increases to marine employees.

Brief Description: Paying interest on retroactive raises for ferry workers.

Sponsors: By House Committee on Transportation Policy & Budget (originally sponsored by Representatives K. Schmidt, Zellinsky, Fisher, Morris, Radcliff, Sehlin, Sheldon and Hatfield).

Brief History:

Committee Activity:

Transportation Policy & Budget: 3/3/97, 3/4/97 [DP].

Floor Activity:

Passed House: 3/12/97, 96-0.

Senate Amended.

HOUSE COMMITTEE ON TRANSPORTATION POLICY & BUDGET

Majority Report: Do pass. Signed by 25 members: Representatives K. Schmidt, Chairman; Hankins, Vice Chairman; Mielke, Vice Chairman; Mitchell, Vice Chairman; Fisher, Ranking Minority Member; Cooper, Assistant Ranking Minority Member; Backlund; Cairnes; Chandler; Constantine; DeBolt; Gardner; Hatfield; Johnson; Murray; O'Brien; Ogden; Radcliff; Robertson; Romero; Scott; Skinner; Sterk; Wood and Zellinsky.

Staff: Jennifer Joly (786-7305).

Background: During the 1995 session, the Legislature enacted a 4 percent salary increase for state employees, including employees of the Washington State Ferry System. According to this legislation, the raises were to go into effect on July 1, 1995.

Due to delays in ratifying collective bargaining agreements with the various ferry employee labor unions, some ferry workers did not begin to receive their salary increase on July 1, 1995. However, as of December 1996, all 13 ferry employee labor unions had ratified their contracts. While these employees have received the legislatively appropriated salary increase retroactively, there is no mechanism for

receiving the interest accrued on the salary dollars while the funds were held in the state treasury pending ratification of the collective bargaining agreements.

Summary of Bill: Subject to legislative appropriation, ferry employees are entitled to the interest earned on retroactive compensation increases. The interest, which must be based on the interest rate earned by the state treasurer, is computed for each employee until the date the retroactive compensation is paid.

EFFECT OF SENATE AMENDMENT(S): Language is added to clarify that the interest payments are not to be included for purposes of calculating retirement allowances.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The fact that the marine operating account earns interest on funds that have been allocated for ferry worker raises pending ratification of collective bargaining agreements acts as a disincentive for Washington State Ferries to promptly resolve labor contracts. This bill will help to prevent unreasonable delays in the negotiation of collective bargaining agreements.

Testimony Against: None.

Testified: David Freiboth, Inland Boatmen's Union; and Joe Daniels, Puget Sound District Council.